

June 12, 2003

IN RE: DOCKET NO. 2002-416-C – Proceeding for the establishment of a requirement that non-facilities based CLEC's providing prepaid local telephone service be required to post an appropriate Surety Bond.

^{REBUTTAL}
COPY OF **TESTIMONY OF R. ADAM KANE ON BEHALF OF ASPIRE TELECOM, INC.** HAS BEEN DISTRIBUTED TO THE FOLLOWING:

J. McDaniel

Legal

P. Riley

Exec. Asst.

Exec. Director

Manager, Utils Dept.

Audit (1)

Commissioners (7)

pao

POSTED
2002-03-03

Jim & Fle & K. New
RUBA' C7
2003 JUN 11 PM 4:19
RECEIVED
S.C. PUBLIC SERVICE
COMMISSION

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

DOCKET NO. 2002-416-C

IN RE:)
)
Generic Proceeding to Review)
Requirements for Competitive Local)
Exchange Carriers Providing Prepaid)
Local Exchange)
_____)

**PREFILED REBUTTAL TESTIMONY
OF R. ADAM KANE**

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is R. Adam Kane and my business address is 1 West Crabapple Lane,
Asheville, North Carolina 28804.

**Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY ARE YOU
EMPLOYED?**

A. I am employed by Aspire Telecom, Inc. and serve as its President.

Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?

A. To address the issue of a bond requirement as proposed in the prefiled testimony of
other parties.

Q. DO YOU OPPOSE A BOND REQUIREMENT?

A. Yes, for a number of reasons.

**Q. PLEASE EXPLAIN YOUR REASONS FOR OPPOSING A BOND
REQUIREMENT.**

A. First and foremost a bond requirement would place a substantial financial burden on
small companies like Aspire Telecom, Inc. As we understand it, one proposal being
considered would cause *Aspire*® to submit at least a \$50,000 bond and to keep it in place

S. C. PUBLIC SERVICE COMMISSION
RECEIVED
JUN 13 2003
UTILITIES DEPARTMENT

RETURN DATE: OK DeJ
SERVICE: OK DeJ

1 in *perpetuity*. Such cost would cause *Aspire* to raise its prices to the consumer. Our
2 already slim margins and small net profit cannot tolerate another burden. It would be
3 necessary for us to pass the cost onto the customer.

4 Second, having a bond at all is unnecessary as *Aspire's* customer lines constitute
5 its only substantial asset, and should we find ourselves in an unrecoverable financial
6 downturn the very first thing we would consider doing is to sell those customer lines to
7 another CLEC. Such sales are now happening quite frequently as CLECs refine and
8 adjust their marketing plans.

9 Finally, should a CLEC fail, administering the bond in an attempt to protect the
10 financial interests of customers would be extremely difficult for the PSC and also
11 beyond any reasonable hope of timely success. We cannot envision how the
12 Commission could develop the requisite manpower and infrastructure to discharge the
13 obligations it would incur, especially considering that it would have to do so in a short
14 period of time.

15 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

16 **A.** Yes.

CERTIFICATE OF SERVICE

I, the undersigned Paralegal, of the law offices of Nelson Mullins Riley & Scarborough, L.L.P., attorneys for R. Adam Kane, do hereby certify that I have served all counsel in this action with a copy of the pleading(s) hereinbelow specified by mailing a copy of the same by United States Mail, postage prepaid, to the following address(es):

Pleadings:

Filed Rebuttal Testimony of R. Adam Kane

Counsel Served:

F. David Butler, Esquire
General Counsel
Public Service Commission of South Carolina
Post Office Box 11649
Columbia, SC 29211


Patrick W. Turner, Esquire
BellSouth Telecommunications, Inc.
Legal Department
1600 Williams Street, Suite 5200
Columbia, SC 29201

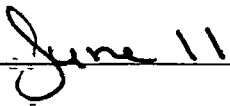
Faye A. Flowers, Esquire
Parker Poe Adams & Bernstein L.L.P.
P. O. Box 1509
Columbia, SC 29202-1509

Elliott F. Elam, Jr., Esquire
S.C. Department of Consumer Affairs
Post Office Box 5757
Columbia, SC 29250

Margaret M. Fox, Esquire
McNair Law Firm, P.A.
Post Office Box 11390
Columbia, SC 29211

Stan J. Bugner, Esquire
1301 Gervais Street, Suite 825
Columbia, SC 29201


Meredith S. Keane
Senior Paralegal

, 2003